REMARKS

In the Office Action dated April 11, 2002, the Examiner rejected claims 2-39 under 35 U.S.C. §§ 103 and/or 112. In the ensuing sections of this response, applicant will respond to those rejections and highlight the differences between the pending claims and the cited references such that it becomes apparent to the Examiner that these rejections should be reconsidered and withdrawn. With respect to the §112 rejection, and for the convenience of the Examiner, applicant has cancelled claims 2-39 and added claims 40-59 (which are claims 2-21 from Applicant's Amendment filed on February 20, 2002). Applicant thanks the Examiner for calling these issues to his attention.

Applicant firmly believes the above amendments and the following comments will convince the Examiner that the rejection of the pending claims under §103 should be reconsidered and withdrawn. In particular, applicant would like to direct the Examiner's attention to applicant's novel system and method for a consolidated store compensation system having, *inter alia*, automated accuracy recalculating. Applicant is unaware of anything like this in the prior art, and even the references relied on by the Examiner do not suggest the applicant's novel invention. In short, applicant respectfully submits that the Examiner's reliance on "StockBoy Retail Management System" (StockBoy) and Swart U.S. Patent No. 6,347,306 (Swart) is

misplaced -- as applicant's invention is very different from what is disclosed in the cited art.

Initially, the Examiner rejected the pending claims under 35 U.S.C. §103(a) as being unpatentable over StockBoy in view of Swart. Applicant respectfully submits that new claims 40-59 are not rendered obvious by the cited references, either alone or in combination. Applicant further submits that, with the benefit of the teachings of applicant's specification, the Examiner's rejection could only be the result of hindsight reconstruction of the applicants' invention. Moreover, even if the cited references were properly combined, such combination still would not teach all of the novel and non-obvious features of the present invention as claimed. Upon closer review of the cited references it will be apparent to the Examiner that this rejection should be reconsidered and withdrawn.

Initially, applicant submits that StockBoy is an improper reference as against the present invention. As indicated on the cited reference, the disclosure is dated June 21, 2001, with the copyright date of 2000. There is no indication that the disclosure of the StockBoy reference occurred prior to the filing date of the present application (i.e., June 9, 1999). Thus, applicant respectfully requests that any rejection based on the StockBoy reference must be withdrawn.

Irrespective of the foregoing, applicant disagrees with the

Examiner's opinion as to the teachings of both StockBoy and Swart. Briefly, the retail management system taught by StockBoy is nothing more than a general overview of the function of a series of computer programs, including retail payroll. Importantly, StockBoy merely discloses that such a system allows for "all types of earnings, deductions and special withholding plans." Clearly, as is readily apparent from a careful review of StockBoy, nowhere is a store compensation system that includes the steps of recording sales transaction data for employees or uploading sales transaction data to a central database or both calculating and recalculating an employees compensation at predetermined time intervals to ensure accurate compensation taught or even suggested by the StockBoy reference.

Next, applicant submits that the Swart reference only discloses a "computerized method and system for direct payroll processing, without the use of a third-party payroll service." In particular, the syatem according to Swart teaches the automatic payment of employees' net pay immediately upon completion of a work segment. Such system provides time and attendance, human resource, payroll processing and banking computer systems interconnected via a computer network, and calculates the net pay for each work segment completed the employee. This is very different from the present invention. That is, as is readily apparent from a careful review of Swart,

nowhere does Swart teach or suggest such steps as the recording of sales transaction data for the employee or uploading sales transaction data to a central database or recalculating an employees compensation at predetermined time intervals to ensure accurate compensation. Thus, the StockBoy and Swart systems cannot perform all of the functions of the claimed invention.

Furthermore, applicant disagrees that there is any motivation or suggestion to combine the system taught by StockBoy and the system of Swart, as suggested by the Examiner. Referring first to StockBoy, applicant agrees with the Examiner that StockBoy discloses "computer data system including sales and payroll." However, contrary to the Examiner's suggestion, there would be no motivation for anyone to modify the computer data system of StockBoy to include such steps as the recording of sales transaction data for the employee or uploading sales transaction data to a central database or recalculating an employees compensation at predetermined time intervals to ensure accurate compensation. Moreover, even if StockBoy and Swart were properly combined, as discussed above, such combination still fails to teach applicant's claimed invention. In fact, nothing in either StockBoy or Swart, either alone or in combination, teach or suggest all of the elements of applicant's claimed invention. Therefore, applicant submits that the rejection of the pending claims as being unpatentable over StockBoy in view of

Swart is improper and should be reconsidered and withdrawn.

Further, the applicant respectfully points out that, standing on their own, the cited references provide no justification for the combination asserted by the Examiner. "Obviousness cannot be established by combining the teachings of the prior art to produce the claimed invention, absent some teaching or suggestion supporting the combination. Under section 103, teachings of references can be combined only if there is some suggestion or incentive to do so." *ACS Hospital Systems Inc. v. Montefiore Hospital*, 732 F.2d 1572, 1577, 221 U.S.P.Q. 929, 933 (Fed. Cir. 1984) (emphasis in original).

The cited references provide no such suggestion or incentive for the combination suggested by the Examiner. Therefore, the obviousness rejection could only be the result of a hindsight view with the benefit of the applicant's specification. However,

> "To draw on hindsight knowledge of the patented invention, when the prior art does not contain or suggest that knowledge, is to use the invention as a template for its own reconstruction -- an illogical and inappropriate process by which to determine patentability. The invention must be viewed not after the blueprint has been drawn by the inventor, but as it would have been perceived in the state of the art that existed at the time the invention was made."(citations omitted) *Sesonics v. Aerosonic Corp.*, 38 U.S.P.Q. 2d. 1551, 1554 (1996).

In addition, the combination or expansion advanced by the Examiner is not legally proper -- on reconsideration the Examiner will undoubtedly recognize that such a position is merely an

"obvious to try" argument. The disclosure in StockBoy and in the specification and claims of Swart do not reveal any functional or design choices that could possibly include that of the applicant's claimed invention. For example, the recalculation function employed by the claimed invention allows for easy adjustment and/or correction to the employee compensation calculation -- an important mechanism to ensure that the calculation has been performed correctly and allows for any adjustment to be made that the recalculation process deems necessary. In addition, the claimed system compares each employees' historical pay sheets in order to determine the consistency of an employee's compensation. Rather, the StockBoy and Swart systems have no utility for a recalculation method as in the claimed invention because they are designed to immediately generate payment upon completion of a work period (i.e., mid-week recalculation and/or changes are not necessary). Accordingly, it would not have been obvious to combine StockBoy with Swart to arrive at the present invention. At best it might be obvious to try such a combination. Of course, "obvious to try" is not the standard for obviousness under 35 U.S.C. §103. *Hybritech, Inc. v. Monoclonal Antibodies, Inc.*, 231 U.S.P.Q. 81, 91 (Fed. Cir. 1986).

Under the circumstances, we respectfully submit that the Examiner has succumbed to the "strong temptation to rely on

hindsight." *Orthopedic Equipment Co. v. United States*, 702 F.2d 1005, 1012, 217 U.S.P.Q. 193, 199 (Fed. Cir. 1983):

> "It is wrong to use the patent in suit as a guide through the maze of prior art references, combining the right references in the right way so as to achieve the result of the claim in suit. Monday morning quarter backing is quite improper when resolving the question of non-obviousness in a court of law." *Id.*

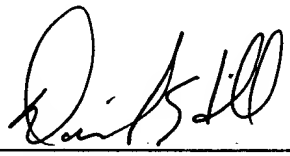
Applicant submits that the only "motivation" for the Examiner's expansion or combination of the references is provided by the teachings of applicant's own disclosure. No such motivation is provided by the references themselves.

Therefore, as is evidenced by the above amendments and remarks, the present invention, for the first time, discloses a method and system for providing a consolidated store compensation system, including an accuracy checking recalculation step. A system and method such as this is neither taught nor suggested anywhere in the prior art, including StockBoy and Swart.

CONCLUSION

In view of the foregoing, applicant respectfully submits that the invention represents a patentable contribution to the art and the application is now in condition for allowance. Early and favorable action is accordingly solicited.

Respectfully submitted,



Date: August 12, 2002

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